

1 MORGAN, LEWIS & BOCKIUS LLP  
 2 Michael J. Lyons (State Bar No. 202284)  
 3 Andrew J. Wu (State Bar No. 214442)  
 4 2 Palo Alto Square  
 5 3000 El Camino Real, Suite 700  
 6 Palo Alto, CA 94306-2122  
 7 Tel: 650.843.4000  
 8 Fax: 650.843.4001  
 9 mlyons@morganlewis.com  
 10 awu@morganlewis.com

11 MORGAN, LEWIS & BOCKIUS LLP  
 12 Daniel Johnson, Jr. (State Bar No. 57409)  
 13 Amy M. Spicer (State Bar No. 188399)  
 14 One Market, Spear Street Tower  
 15 San Francisco, CA 94105-1126  
 16 Tel: 415.442.1000  
 17 Fax: 415.442.1001  
 18 djohnson@morganlewis.com  
 19 aspicer@morganlewis.com

20 Attorneys for Defendant  
 21 PHILIPS LUMILEDS LIGHTING COMPANY,  
 22 LLC

23  
 24 UNITED STATES DISTRICT COURT  
 25 NORTHERN DISTRICT OF CALIFORNIA

26 EPISTAR CORPORATION,  
 27 Plaintiff,  
 28 vs.  
 29 PHILIPS LUMILEDS LIGHTING  
 30 COMPANY, LLC,  
 31 Defendant.

32 Case No. C 07-5194 JF

33 DEFENDANT PHILIPS LUMILEDS  
 34 LIGHTING COMPANY'S  
 35 ADMINISTRATIVE MOTION TO  
 36 CONSIDER WHETHER CASES SHOULD  
 37 BE RELATED

38 FILED IN THE EARLIEST FILED CASES  
 39 (CASE NOS. C 00-2518 CW, C 02-5077 CW,  
 40 AND C 03-1130 CW) AND LODGED IN  
 41 THE LATER FILED CASES (CASE NOS.  
 42 C 07-5194 JF & 05-4521 RMW)

43 [Civ. L.R. 3-12]

44 Pursuant to Civil Local Rules 3-12 and 7-11, defendant Philips Lumileds Lighting  
 45 Company, LLC ("Lumileds") respectfully submits this Administrative Motion to Consider  
 46 Whether Cases Should Be Related. The above-captioned case, *Epistar v. Philips Lumileds*, Case  
 47

48 ADMIN. MOTION RE: RELATED CASES  
 49 C 07-5194 JF

1 No. 07-5194 JF (“Epistar IV Related Case”) is related, as defined by Civil Local Rule 3-12(a), to  
 2 several earlier-filed cases assigned to Judge Wilken. The related actions include:

- 3 • *United Epitaxy Co., Ltd. v. Hewlett-Packard Co., et al.*, Case No. C 00-2518 CW  
     (N.D. Cal. filed Sept. 7, 1999);
- 4 • *Lumileds Lighting U.S., LLC v. Citizen Electronics Co., Ltd., et al.*, Case No.  
     C 02-5077 CW (N.D. Cal. filed Oct. 18, 2002) (“Epistar I Related Case”);
- 5 • *Epistar Corp. v. Lumileds Lighting U.S., LLC*, No. C 03-1130 CW (N.D. Cal.  
     transferred from C.D. Cal. March 17, 2003) (“Epistar II Related Case”).

6 One additional related case exists in this District and should be re-assigned to Judge Wilken  
 7 concurrently with this matter. That case, *Lumileds Lighting U.S., LLC v. Epistar Corp. & United*  
 8 *Epitaxy Co., Ltd.*, Case No. 05-4521 RMW (filed Nov. 4, 2005) (“Epistar III Related Case”), is  
 9 currently stayed pending the final determination of an International Trade Commission  
 10 investigation. An unresolved notice of related cases is pending in that case.

## 11 I. BACKGROUND AND PREVIOUSLY FILED RELATED CASES

12 In September 1999, United Epitaxy Co. (“UEC”) filed suit against Lumileds,<sup>1</sup> Hewlett-  
 13 Packard, and Agilent Technologies seeking, among other things, a declaratory judgment that  
 14 UEC’s products did not infringe U.S. Patent No. 5,008,718 (“the ‘718 patent”) and that the ‘718  
 15 patent was invalid. *See United Epitaxy Co., Ltd. v. Hewlett-Packard Co., et al.*, Case No. C 00-  
 16 2518 CW (N.D. Cal. filed Sept. 7, 1999). The case was assigned to Judge Wilken.

17 After Lumileds obtained overwhelmingly favorable rulings on claim construction and  
 18 summary judgment, UEC and Lumileds settled the litigation and entered into three separate  
 19 agreements: a Settlement Agreement and Mutual Release (the “UEC/Lumileds Settlement  
 20 Agreement”), a Patent License Agreement (the “UEC/Lumileds Patent License Agreement”), and  
 21 a Stipulated Consent Judgment. Pursuant to the UEC/Lumileds Patent License Agreement, UEC  
 22 is required to pay Lumileds royalties on certain absorbing substrate LED products. The  
 23 UEC/Lumileds Patent License Agreement is attached to the Stipulated Consent Judgment as  
 24 Exhibit A.

25 In the Stipulated Consent Judgment, the parties agreed and the court approved that Judge

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 27     <sup>1</sup> Philips Lumileds was originally a division of Hewlett-Packard Company, was spun off as a  
 28 joint venture between Philips and Agilent, and is now a subsidiary of Philips Lighting based in  
     San Jose.

1 Wilken would retain jurisdiction for purposes of enforcing the Consent Judgment. Both the  
 2 UEC/Lumileds Patent License Agreement and the Consent Judgment are the subject of the newly  
 3 filed complaint. *See Epistar IV Related Case.*

4 On October 18, 2002, Lumileds filed suit against Citizen Electronics Co. and Cecol, Inc.  
 5 alleging infringement of the '718 patent as a result of their use of infringing Epistar products. *See*  
 6 *Epistar I Related Case.* Before either party responded to the complaint, Epistar moved to  
 7 intervene for the purposes of staying or transferring the case. Lumileds amended its pending  
 8 complaint to add Epistar as a defendant and to add allegations of infringement of the '718 patent  
 9 against Epistar. Days later, Judge Wilken deemed this action related to the UEC/Lumileds action  
 10 and ordered the Court Clerk to reassign the case to her.

11 On January 6, 2003, Epistar filed suit in the Central District of California against  
 12 Lumileds seeking a declaratory judgment that Epistar's products did not infringe the '718 patent  
 13 and that the '718 patent was invalid. *See Epistar II Related Case.* The Central District transferred  
 14 the case to the Northern District, at which point Judge Wilken related it to both the earlier  
 15 UEC/Lumileds action and the Epistar I Related Case. The Epistar I & II Related Cases were  
 16 consolidated and litigated until 2004. Again, the parties eventually settled the litigation and  
 17 entered into a Settlement Agreement (the "Epistar/Lumileds Settlement Agreement"). The  
 18 Epistar/Lumileds Settlement Agreement is also the subject of the newly filed Epistar IV Related  
 19 Action.

20 On November 4, 2005, Lumileds filed suit against Epistar and UEC asserting, among  
 21 other things, infringement of the '718 patent.<sup>2</sup> *See Epistar III Related Case.* The case was  
 22 assigned to Judge Whyte, who issued an order staying the case pending the outcome of a  
 23 substantially similar International Trade Commission ("ITC") investigation pursuant to 28 U.S.C.  
 24 § 1659. The ITC recently issued a determination in favor of Lumileds, finding, among other  
 25 things, that Epistar assumed the UEC/Lumileds Patent License Agreement through its merger  
 26 with UEC, and that Epistar's products infringe the '718 patent. The ITC further issued an  
 27 exclusion order barring importation of the infringing products as well as certain downstream

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28 <sup>2</sup> Epistar and UEC merged, effective December 31, 2005.

1 products. The case in this District remains stayed pending the appeal of the ITC determination to  
 2 the Federal Circuit. An unresolved notice of related cases is pending in the case. Because the  
 3 case involves the same parties (Lumileds, Epistar, and UEC), the same property (the '718 patent),  
 4 and substantially the same events as the previously filed related cases reassigned to Judge Wilken,  
 5 it is ripe to be deemed related and likewise reassigned. *See* Civ. L.R. 3-12(a)(1).

6 **III. THE PRESENT ACTION**

7 On October 10, 2007, Epistar filed a complaint against Lumileds asserting claims for  
 8 unfair competition under the Lanham Act, breach of the settlement agreement between the  
 9 parties, intentional interference with prospective economic advantage, and unfair competition  
 10 pursuant to California Business and Professions Code section 17200. The Complaint additionally  
 11 seeks a declaratory judgment regarding whether Epistar is bound by the UEC/Lumileds Patent  
 12 License Agreement.

13 **IV. THE PRESENT ACTION IS RELATED TO THE PREVIOUS ACTIONS BEFORE  
 14 JUDGE WILKEN**

15 As the Complaint in the recently filed Epistar IV Related Case acknowledges, the action  
 16 arises from the UEC/Lumileds Patent License Agreement, the Epistar/Lumileds Settlement  
 17 Agreement, and the Stipulated Consent Judgment in the UEC/Lumileds case. Reassignment of  
 18 the case to Judge Wilken, who presided over all of the other related cases, will conserve judicial  
 19 resources and promote an efficient resolution of the dispute. Judge Wilken is already familiar  
 20 with the history of litigation between the parties and with many of the complex issues regarding  
 21 the underlying cases and Agreements.

22 Indeed, all of the cases are related. For example, Epistar's breach of contract claim  
 23 alleges that Lumileds' assertion of the '718 patent against Epistar in the Epistar III Related Case  
 24 was a breach of the Epistar/Lumileds Settlement Agreement. That defense was raised by Epistar  
 25 during the ITC counterpart to the Epistar III Related Case, but then abandoned by Epistar during  
 26 the trial before the Administrative Law Judge. Epistar's attempt to resurrect the defense in its  
 27 complaint in the Epistar IV Related Case is not only meritless, but barred by *res judicata*. In  
 28 addition, Judge Wilken's Stipulated Consent Judgment expressly states that it constitutes *res  
 judicata* and will have issue- and claim-preclusive effect with respect to the issue of validity of

1 the ‘718 Patent. *See* Stipulated Consent Judgment, Paragraph 6. Since Epistar has disregarded  
 2 this Consent Judgment by alleging invalidity of the ‘718 Patent as a defense in the Epistar III  
 3 Related Case, Judge Wilken’s Stipulated Consent Judgment from the UEC/Lumileds action will  
 4 necessarily be interpreted and applied in the Epistar III Related Case.

5 The Epistar IV Complaint also seeks a declaration that Epistar is not obligated to pay  
 6 royalties under the UEC/Lumileds Patent License Agreement because, according to Epistar’s  
 7 Complaint, “Epistar did not acquire the UEC/Lumileds Patent License rights and obligations.”  
 8 Epistar IV Complaint ¶¶ 13, 45. That issue is not only related to the Epistar III Related Case, it  
 9 was expressly resolved by the ITC in the counterpart to the Epistar III Related Case. After  
 10 Epistar sought to challenge validity of the ‘718 patent, Lumileds moved for summary  
 11 determination that Epistar was precluded from challenging validity by virtue of its merger with  
 12 UEC and assumption of the UEC/Lumileds Patent License and Settlement Agreements. The ITC  
 13 ruled that Epistar was bound by the UEC/Lumileds Agreements. Thus, the ITC case that is a  
 14 counterpart to the Epistar III Related Case has already resolved at least certain of the claims in the  
 15 latest related case. Moreover, consistent with the ITC Determination, Lumileds expects to bring  
 16 counterclaims against Epistar for breach of the UEC/Lumileds Patent License Agreement based  
 17 on Epistar’s failure to pay royalties under that agreement, and for unfair competition. These  
 18 claims are also related to the earlier Related Actions.

#### **IV. CONCLUSION**

19 Lumileds therefore respectfully requests that both the newly filed Epistar IV Related Case  
 20 (*Epistar v. Philips Lumileds*, Case No. 07-5194 JF) and the Epistar III Related Case (*Lumileds*  
 21 *Lighting U.S., LLC v. Epistar Corp. & United Epitaxy Co., Ltd.*, Case No. 05-4521 RMW) be  
 22 deemed “related” and assigned to Judge Wilken.

23 Dated: November 16, 2007

Respectfully submitted,

24 By: /s/ Michael J. Lyons

25 Michael J. Lyons  
 26 Attorneys for Defendant  
 27 PHILIPS LUMILEDS LIGHTING  
 28 COMPANY, LLC